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KHPA Secures Increased Funding for School-Based Medicaid Services

(TOPEKA) – Public schools in Kansas will soon receive increased Medicaid funding for health care services they provide in a school setting for children enrolled in special education.

The Kansas Health Policy Authority announced today that it has received approval from the Centers for Medicare and Medicaid Services (CMS) of a State Plan Amendment that will allow schools to be reimbursed for the actual cost of providing those services.

Currently, schools are reimbursed on a set fee-for-service schedule that pays less than the actual cost of services. The new plan will allow schools at the end of each school year to submit cost reports and be reimbursed for the difference between what they have already received on the fee-for-service schedule and the actual cost of providing services.

The new reimbursement system was approved retroactive to July 1, 2009. That means school districts can submit claims and be reimbursed for the actual costs they incurred providing services during the 2009-2010 school year.

“This will increase Medicaid funding for special education programs in schools,” said Dr. Andy Allison, Executive Director of KHPA. “Schools are under a federal mandate to provide special education services in the ‘least restrictive environment,’ and these services are essential for them to fulfill that mandate. We know schools haven’t been getting reimbursed for the full cost of providing these services and we’ve been working for the last two years trying to find a way to solve that.”

The **range of** services covered by the State Plan Amendment include: Specialized transportation; nursing services; occupational therapy; physical therapy; speech, language and hearing services. The amendment also allows reimbursement for two additional areas of school-based services that were not previously covered in Kansas. Those include services provided by psychologists and social workers.

(more)

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Attendant care services – also known as personal care services – are no longer funded by Kansas Medicaid. Effective July 1, 2010, KHPA discontinued reimbursing for attendant care services after the agency was informed by CMS that it could not cover those services in a school-based setting unless the state Medicaid program also covered those services in other settings.

“It’s unfortunate that we’re no longer able to reimburse for attendant care services, and that we learned of CMS’s decision so late in the year,” Allison said. “Children with severe physical or mental disabilities often need that kind of service just to be able to function and attend school. We’re asking CMS to reconsider its position so schools can continue getting Medicaid funding for that critical service. In the meantime, however, it cannot be funded through Medicaid.”

Even with the loss of funding for attendant care services, Allison noted that schools in Kansas are expected to still see a net increase overall in the amount of Medicaid funding they receive for school-based health care services.

During the 2008-2009 school year (the last full year for which data are available) Kansas schools received \$26.2 million in Medicaid reimbursements. Attendant care services accounted for 32.5 percent of that amount. KHPA estimates that even with the loss of attendant care service reimbursements, the new cost-based reimbursement method and additional Medicaid coverage for social work and psychological services will result in a net increase of \$5 - \$10 million in Medicaid funding for Kansas schools.

A number of school districts have expressed concern that the loss of Medicaid funding for attendant care services will cause financial hardship. KHPA will host a meeting with representatives from school districts July 30 in Wichita to discuss all of the recent changes in Medicaid funding. That meeting will be held in conjunction with a meeting of the Leadership Conference for Special Education Directors.